

Developing the service concept for CheapSleep Helsinki

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<p>This report is a bachelor's thesis, assigned by the company CheapSleep Helsinki. CheapSleep is a new hostel that is looking to expand its business in Helsinki, and therefore one of the aims for the thesis is to research if the hostel should expand in a new location in addition to the old one or not. If the results show that a new location is needed, the aim is to find out how it should be chosen and suggest some locations for it. In addition to this, the competition in the city will be explored and a customer satisfaction survey will be conducted, to find out how satisfied the customers of CheapSleep are.</p> <p>The theoretical framework for this project will be gathered from websites and books regarding accommodation, hostels, marketing, business locations, customer satisfaction and service. The most important sources of information will be the owners and founders of CheapSleep Helsinki, Juni Yao and Oliver Lewis.</p> <p>The problem will be approached by studying the background of the company and the theory around the key elements. A quantitative questionnaire will be made, where the guests in the hostel will be asked questions about the current location, facilities, prices and other things that links to customer satisfaction.</p> <p>The results of the thesis are expected to show that opening another hostel in the centre of Helsinki will be advisable, because most tourists want to be as close to the centre as possible. The analyzed results from the survey are likely to show that the customers of CheapSleep are fairly satisfied with the hostel and its services. The biggest competitor is anticipated to be Eurohostel. The results should help to develop CheapSleep as a hostel.</p>	
Keywords CheapSleep, hostel, location, service, competition.	

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1 Introduction

This is a bachelor's thesis that is made for the company CheapSleep Helsinki Oy. The aim is to study the company and develop its service concept. The thesis concerns how CheapSleep hostel can develop itself and how it could expand its business. One issue is the location, we need to find out if the hostels current location is desirable, or would it be a good idea to found another hostel in downtown Helsinki. In case that the better alternative is to found a new hostel downtown, it should also be pointed out where it could be. The hostel started its business in May 2012, and is founded by two young entrepreneurs.

The thesis also includes a study of current customers' satisfaction with the hostel and its services by a questionnaire. In addition to the questionnaire, comments on TripAdvisor have also been taken in to account. The biggest competitors were determined and examined, to compare what they offer and what CheapSleep offers. It is meant that CheapSleep Helsinki will be able to use the results of the thesis when they make decisions for the companys future. The theoretical part of the thesis concerns concepts such as the service concept, customer satisfaction, tourism products and how to choose a location.

1.1 The thesis objectives

CheapSleep Helsinki is a new hostel that is interested in expanding its business in Helsinki, either by expanding in the same building or finding a completely new location to open another hostel in. Therefore the objective of this thesis is to improve the services in order to make more business. This has been done through a questionnaire to get a picture of what the current customers think of the services and by studying the comments from guests on TripAdvisor.

The thesis also discusses the competition that CheapSleep has in Helsinki, and the differences between the competitors and CheapSleep. The study also compares what services the competitors' and CheapSleep offer to their customers and where in Helsinki

they are located. Localisation, which means how to choose a location for a business, is also discussed to find out a suitable area for the new hostel.

The goal was also that CheapSleep Helsinki would be able to use the results of the thesis when making their future action plans. This thesis should give them ideas on how to improve the hostel and where the best location for the new hostel would be.

The students own goals were to learn how to take on a challenging assignment and to solve the problems that comes up during the process, but also to learn about developing service concepts and how to run a hostel.

1.2 Research problem

The main problem of the thesis is to improve the services of the company. To do this we need to study theory, and also the company itself. It is mandatory to first find out the current situation of the company; what it offers and how satisfied the customers are, to be able to develop the service concept.

In order to gain an understanding about how satisfied the guests are, a survey has been made. The questionnaire will have questions that consider why the guest chose the hostel, what he thinks of it, the service and the location. The comments on TripAdvisor will help to find out what the guests have complained on and what they have praised, and to see if these fit with the results from the survey.

Another problem of the thesis is the location. As said, the hostel wants to expand its business and it needs to choose whether the current location is good or if some other location would be better for the business. The thesis needs to first study on what grounds businesses usually choose their location, and then use that knowledge to come up with ideas for possible locations for the new hostel in case the current location is not a good option. Currently the hostel is located in a more budget location on Sturenkatu, Vallila, which is 3,5 kilometres from downtown Helsinki.

Also competition with other hostels and hotels, such as Eurohostel, are taken into consideration. CheapSleep should be able to compete with the prices of the other hostels, and if it cannot, then it needs to have something else to attract customers with. It is important to know what the competitors have to offer and what their prices are. CheapSleep can learn what to do or what not to do by studying its competition.

2 Accommodation in Helsinki

2.1 Hostels compared to hotels

A hostel is a kind of accommodation that is budget-oriented, and that offers its guests beds in dormitories. The guests at hostels are usually individual travellers or groups who stay only short-term. A hostel provides common areas and communal facilities. Hostels can also offer private rooms for guests, but that is not necessary to be considered a hostel. (Hostel management 2012.)

Hostels spread to Finland from Germany in the beginning of the 20th-century. The Hostel business has been a global business in over 70 years. In 2004 there was 92 Hostels in Suomen retkeilymajajärjestö (SRM) in the cities as well as on the countryside. The SRM Hostels belongs to an International Youth Hostel Federation (IYHF). Hostels are mainly meant for sleeping so the Hostel can be closed during daytime. The customer can pay only for the bed and not for the whole room. You can use your own sheets and make your own food in the kitchen. Laundry facilities are common and the showers and toilets are usually in the corridor. The Hostels usually offer meal services and other activities. Most of the hostels has also private rooms for 2 to 4 persons. In 2006 there were over 4000 Hostels around the world in over 60 countries. Hostels can be booked online, by calls, emails etc. (Rautiainen & Siiskonen 2006, 32-33.)

A hotel is a higher standard accommodation type that usually has a restaurant and a reception. In a high class hotel there are different room types and apartments and the rooms have bathrooms and showers. The hotels also offer different types of services and spaces such as meeting rooms, saunas and gyms. In high class hotels they can also offer beauty salons, car rentals and flight sales. Hotels can be divided by size to big hotels with over 100-150 rooms, medium-sized hotels with over 50 rooms and small hotels with under 50 rooms. When hotels are given star ratings the hotels are divided to national, commercial and international hotels. Hotels are also divided by their location to holiday hotels, downtown hotels, suburban hotels, wilderness hotels, roadside

hotels and airport hotels. There are cooperative hotels and private hotels. There are also hotels for different target groups such as business hotels, budget hotels and guest-houses. (Rautiainen & Siiskonen 2006, 23.)

2.2 Tourist nights

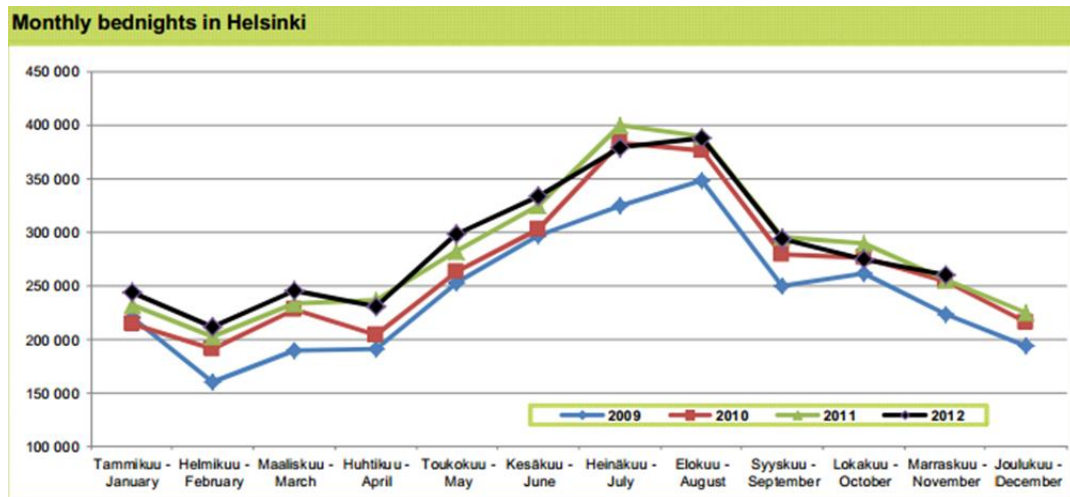


Figure 1. Monthly bednights in Helsinki 2009 to 2012. (Helsinki Tourism Statistics 2012, 1.)

Figure 1 shows the monthly bednights in Helsinki from January 2009 to November 2012. There has been a significant increase in bednights since the year 2009, but comparing to 2011 the difference is not that big. Business travel to Helsinki went up with 17000 bednights compared to leisure travel going down with 14300 bednights since the year before. The amount of travellers, who came to Helsinki for other reasons than leisure or business, has gone up with 13400 bednights. The average price of accommodation has gone up during the year from 74.68€ in November 2011 to 77.68€ in November 2012. (Helsinki Tourism Statistics 2012, 1.)

Bednights in the accommodation facilities in Helsinki in 2011 and 2012					
Top 12 countries 2011	Bednights		Top 12 countries 2012	Bednights	Change from 2011
1. Finland	1 542 952		1. Finland	1 545 100	0,1 %
2. Russia	305 754		2. Russia	315 511	3,2 %
3. Germany	175 834		3. Germany	162 713	-7,5 %
4. Great Britain	140 106		4. Sweden	127 633	-3,7 %
5. Sweden	132 471		5. Great Britain	122 206	-12,8 %
6. USA	118 637		6. USA	119 844	1,0 %
7. Japan	80 109		7. Japan	89 620	11,9 %
8. Italy	62 579		8. Italy	52 004	-16,9 %
9. Spain	62 255		9. France	60 529	-1,6 %
10. France	61 509		10. Estonia	54 416	8,9 %
11. Estonia	49 960		11. Norway	50 454	5,4 %
12. Norway	47 880		12. Spain	42 517	-31,7 %
Foreign total	1 821 019		Foreign total	1 821 237	0,0 %
Total Bednights	3 363 971		Total Bednights	3 366 337	0,10 %

Figure 2. Bednights in the accommodation facilities in Helsinki (Helsinki Tourism Statistics 2012, 2.)

Figure 2 shows how many bednights were spent in Helsinki per nationality during the year 2011 to 2012. The largest amount of foreign bednights in Helsinki were spent by Russians with 286 262 from January to November, which is 2,2% less than the year before. The second biggest group to spend nights in Helsinki are Swedish, with 119 979 nights which have also decreased from the year before with 3,2%. The most bednights were spent by Finns.

2.3 Accommodation sector in Helsinki

Helsinki offers various types of accommodation. There are hotels, both inexpensive ones such as Omenahotels and Luxury hotels such as Hotel Kämp. There are also Hostels and camping possibilities, as well as apartment hotels and bed & breakfasts. The guest can also choose his accommodation to be eco-friendly or gay-friendly. (Visit Helsinki 2013a.)

City apartments mean a temporary housing in a fully furnished apartment in the city, that offer the privacy and peace of your own home but with hotel services (Visit Helsinki 2013b). The prices start from 120€/night in a studio and go up to 330€/night in a business suite (City Apartments 2013).

Some hotels in Helsinki are eco-friendly, which means that they claim to leave a smaller carbon print and have been presented with an eco-label (Visit Helsinki 2013c). The gay-friendly hotels belong to the Gay Friendly Helsinki network, which was started in 2009 by Helsinki Tourism and Convention Bureau (Visit Helsinki 2013d).

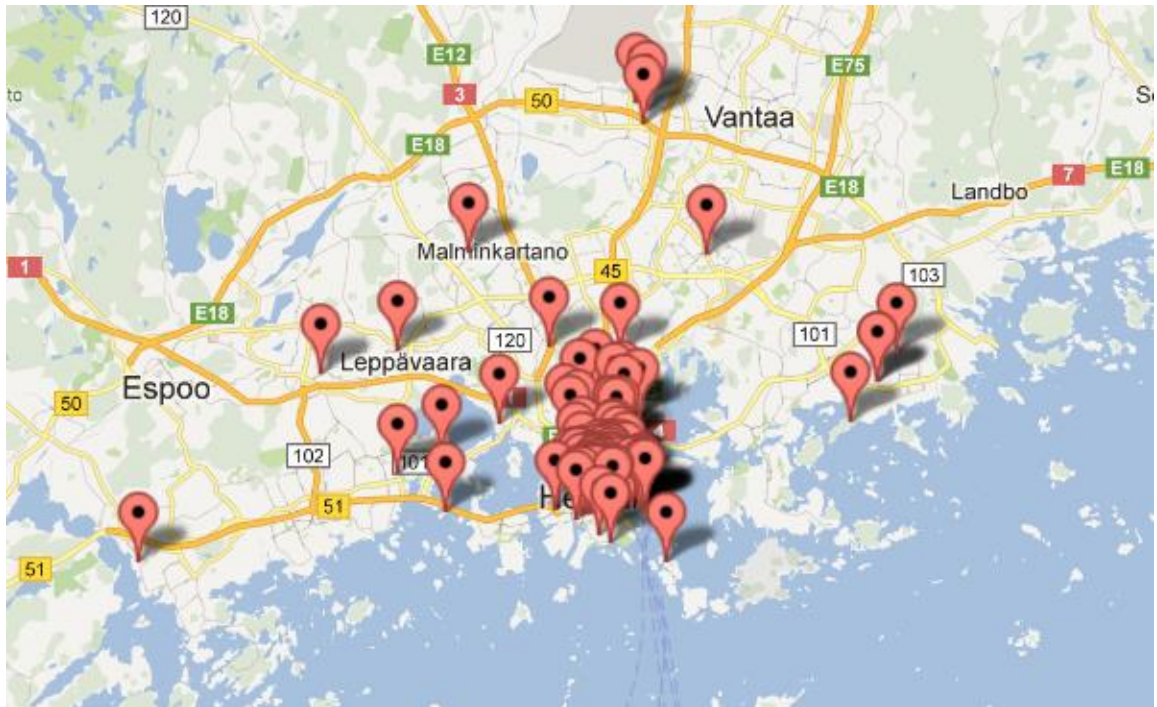


Figure 3. Map of accommodation establishments in Helsinki (Google Maps 2013a.)

As you can see from the map (figure 3) above, most accommodation establishments can be found all over the city of Helsinki especially in the city centre. Outside of the city, such as in Espoo, there are considerably less accommodation options.

2.4 CheapSleep Helsinki

2.4.1 Background and founders

CheapSleep Helsinki is a budget hostel that opened in May 2012. It is founded by Oliver Lewis and Juni Yao, who are young entrepreneurs from Great Britain and the Republic of China. They are both Chief Executive Officers and founders of the company. Lewis and Yao have both lived in Finland for many years and they decided to start a business together because they had similar ambitions. The business idea of CheapSleep

is to offer cheap accommodation for travellers, and their slogan is “Sleep Cheap, Stay Rich”. (O. Lewis & J. Yao 2012.)

The hostel has 128 beds with 10 private rooms. There are three types of private rooms, one En Suite with its own bathroom, three superior rooms with a sofa and more space and six normal double rooms. The hostel has also seven dormitories of different sizes, the dorms have 10, 18, 20 or 26 beds. All the dormitories are mixed, except one that is only for females. The prices of the dormitories range from 18€-25€ and the private rooms costs from 50€-100€. Of course the prices change during on- or off-season. (CheapSleep Hostels Helsinki 2013.)



Picture 1. 10-bed female dormitory (CheapSleep Hostels Helsinki 2013b.)

The dormitories are designed in the same style. They have bunk beds with a lower and upper bed as you can see from picture 1 above. The dormitories have many windows and are very light and modern looking. The picture (Picture 1) is from the 10-bed female dormitory.



Picture 2. Kitchen (CheapSleep Hostels Helsinki 2013b.)

The kitchen (picture 2 above) is linked with the common room area. It is quite big and has many tables for the guests to sit at. The kitchen is fully equipped (CheapSleep Hostels Helsinki 2013c).

2.4.2 Staff

There are four full time workers at the reception. CheapSleep has also hired an accountant from HR-tilipalvelut and they have a cleaner who comes every day and cleans all the rooms and other areas and changes all the sheets. The staff can offer service in various languages such as Finnish, Swedish, English, Spanish, Russian and Chinese. (O. Lewis & J. Yao 2012.)

2.4.3 The current location

The map below (figure 1.) shows the current location of CheapSleep. The hostel is currently located on Sturenkatu in the Vallila district, 3,5 kilometres from the city centre. Vallila is close to the Kallio district, which is today a popular pub and club area. There are good traffic connections to the city centre and to the airport. There are buses and trams going to the city centre almost all the time from right outside of the hostel, the bus to the airport leaves from Mäkeläncatu about 300 metres from the hostel. The subway is not very far away either, it takes about 10 minutes to walk to Sörnäinen which is the nearest subway station. CheapSleep is located on the second floor in the building on Sturenkatu, there is also LadyLine, Sauna Vogue, Tropicario and a small

supermarket Alepa in the same building. The amusement park Linnanmäki and Sea-World is on the same street, not very far from the hostel.

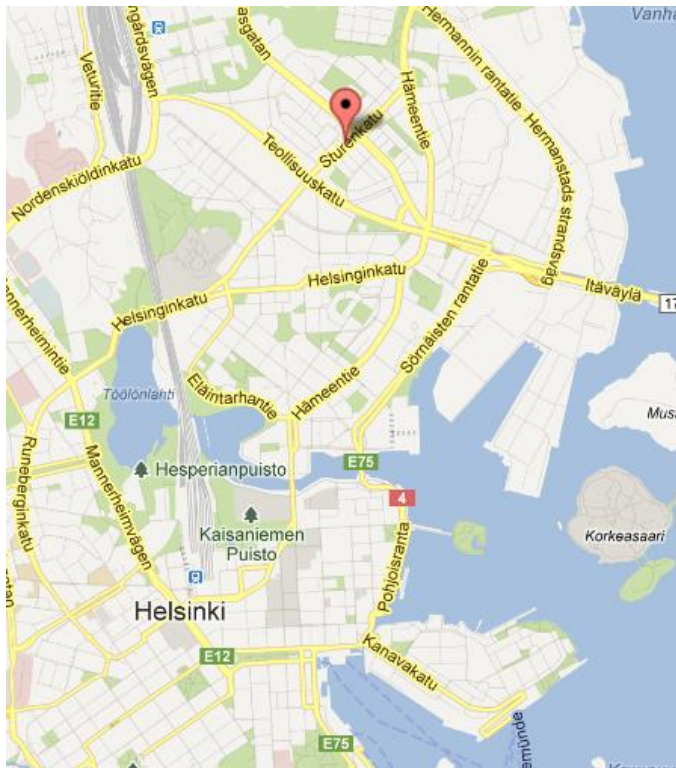


Figure 4. CheapSleep Helsinki location (Google Maps 2013b.)

2.4.4 The services that CheapSleep offers

Currently CheapSleep offers its customers cleaning service and check-in service. The check-in service is currently available 24/7. Other than these services at the hostel, there is of course booking services on several websites on the internet. For example Booking.com, Bookingbutton, Hostelbookers och Hostelworld are websites through which guests can book beds or private rooms. There is free internet connection in the hostel, shared bathroom facilities, lockers, video surveillance, a fully equipped kitchen and a big common room. There is even a supermarket in the same building.

(CheapSleep Hostels Helsinki 2013c.)

CheapSleep also has a breakfast deal with Design Café, which is located just across the street. The breakfast deal means that the guest pays CheapSleep a price of 5,90€, and

gets a breakfast ticket and is entitled to go eat breakfast at Design Café. The breakfast includes coffee or tea, milk or juice and a breakfast tray. (J. Yao 2012.)

2.5 Competitors of CheapSleep

2.5.1 What is competition between companies

Competition between companies means that they sell the same kind of products or service and compete for the customers (Konkurrensverket 2012a). When competition works correctly it benefits the consumers by lowering prices, increasing quality and widening the range of products and services. (Konkurrensverket 2012b.)

All companies have competition and good competition is a blessing, because it helps the company to grow and get better. A company should always consider its competition, because otherwise they might take all the customers. The most dangerous competitors are the companies that are similar to each other, which is why it is important to try to stand out and be different. A company should always know its competitors and what they have to offer. (Kotler 2003, 58.)

In the case of CheapSleep, its competition is formed of the other hostels in Helsinki and possibly also Omena Hotelli. There are six hostels in Helsinki. They are Stadion Hostel, Eurohostel, Hostel Academica, Hostel Suomenlinna, Hostel Erottajanpuisto and HelpHostel besides CheapSleep (Suomen retkeilymajajärjestö 2012). We think that the biggest competition comes from Eurohostel and Stadion Hostel. Hostel Suomenlinna is located on the island of Suomenlinna, which in itself is the reason why we do not think it is a strong competitor. Hostel Academica is open only during the summer from June to September, which is why we do not consider it a strong competitor either. We consider Omenahotels a competitor to CheapSleep because of its low prices.

2.5.2 Eurohostel

Eurohostel is one of the biggest hostels in Scandinavia. The hostel is open all year. It is located in Katajanokka which is situated 2 kilometres from the city centre near the

Katajanokka Sea Terminal (EuroHostel 2013a). The hostel is very easy to reach from the city centre with the 4/4T tram. The hostel has single, twin, triple and family rooms which are separated with a cheaper backpackers' category and a more expensive Eurohostel category. In the twin room Eurohostel category the rooms have a television and have been recently renovated. The dormitory beds are available in the twin and triple backpackers' category rooms, which mean that the rooms have either two or three beds. There are no big dormitories at EuroHostel. (EuroHostel/ Facebook 2013.)

The reception is open 24/7 and the hostel has a luggage room, safety boxes and a washroom for the physically challenged on the ground floor. Breakfast is served at restaurant Katajanmarja for 8,50 euros. The other services include separate showers and bathrooms on all floors for men and women, self-service laundry, public telephones and internet, morning sauna which is included in the room rate. There is also a possibility to order a private sauna or to go to an evening sauna. (EuroHostel 2013b.)

Prices at Eurohostel vary from 24,30€-74€ depending on room and category (EuroHostel 2013c). It is a lot cheaper in Eurohostel to stay in a triple or twin room than to sleep in a dormitory bed which costs 27,10€. The prices at Eurohostel are higher than in CheapSleep, especially the dormitory beds, but they do offer breakfast as well and it has a more central location.

2.5.3 Stadion Hostel

Stadion Hostel is located in Töölö at the Helsinki Olympic Stadium about 2 kilometres from the city centre. The hostel can offer single/twin, triple, 4-5 bedded rooms or apartments as well as a bed place (StadionHostel 2013b). The hostel is ready to accommodate larger groups and has a free car park. Buffet breakfast is served every day for 6 euros. The hostel offers a 24 hour reception, luggage storage, lockers, vending machine, self-catering kitchen and dining room, free wireless network, telephone, laundry room, TV lounge and library. (StadionHostel 2013a.)

The prices of the rooms range from the cheapest price of a dorm room 22€ to a five bedded room 120€ (24€/person) (StadionHostel NetHotel 2013). The advantage that

Stadion Hostel has over CheapSleep is more variety on the sizes of the rooms and that they offer breakfast for the guests.

2.5.4 Omena hotels

Omena Hotels is a budget hotel chain with over 14 hotels in Finland, Sweden and Denmark. Omena hotels provide online booking with self-service check-in and check-out. After an online booking you get a key code by SMS and mail. You can then get in to the hotel and the room with the key code. In all of the hotels you can find a self-service Help Desk which will answer you with the most common questions. Also customer service contact information is provided if the customer has some problems. (Omenahotels 2012a.)

There are two Omena hotels in Helsinki, on Eerikinkatu 24 and Yrjönkatu 30. Both situated in Kamppi which is in the city centre. Kamppi is one of the best locations if you are looking for great shopping and nightlife possibilities within walking distance. All rooms include bathroom with shower, towels, bed linen and pillows, hairdryer, fridge, free internet access, TV, microwave, electric kettle, tea and coffee. (Omenahotels 2012b.)

The price ranges from 90€-100€ depending on the day and season, which is about the same price as the private rooms at CheapSleep (50-100€). However, the rooms in Omenahotels can fit up to 4 people which makes the price lower per person 22,50€-25€. The CheapSleep private rooms only fit two persons and they do not have all the facilities that the Omenahotels rooms offer. (ChepSleep 2013 Omenahotels 2012b.)

2.5.5 Conclusion of CheapSleeps competition situation

There are not that many big hostels or budget hotels in Helsinki but they offer good quality for money, though Helsinki is not a cheap city to visit when comparing with same sized cities in Europe. This is a reason why you cannot really compare prices in hostels in other cities in Europe with Helsinki. The different hostels/hotels are situated in different parts of the city so the customer can choose the best location for his/her

needs. You can get from every hostel/hotel to the city in 15 minutes at most and many are at walking distance.

When comparing the prices of the different hotels and hostels, CheapSleep can offer the cheapest prices in the dorm rooms whereas there are cheaper options of private rooms in the other hostels. CheapSleep seems to offer all the same things as the other hostels, except TV and laundry service. The breakfast deal at CheapSleep is not going so well, even though it is cheaper than at EuroHostel and StadionHostel. Maybe maybe the reason for it not going so well is that there is no information about it on the websites, and the guests do not know about the possibility of breakfast.

From this chapter we can conclude that the competitors are more centrally located, have more variety in room sizes and offer a bit more in service. However, CheapSleep has an advantage in having more bed places and for a cheaper price in its dormitories.

3 Developing the service concept

3.1 Identifying and developing supporting services

A service is “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything” (Kotler & Armstrong 2004, 276). It is not easy to define what a service is, because it is a complicated phenomenon. The word can mean personal service, service as a product as well as offering. Usually a service involves some kinds of interactions with the service provider, but not always. The three basic characteristics of services are that services are processes that consist of activities, services are normally produced and consumed simultaneously and that the customer takes part in the service production as a co-producer at least to some degree. (Grönroos 2007, 52-53.)

There is a significant difference between a product and a tourism product. A product is often a combination of something substantial and different service elements, while the core of a tourism product is a service or an experience, something immaterial and invisible. A tourism product is a complex ensemble that challenges even its producer. (Puustinen & Rouhiainen 2007, 188-189.)

There is also an important difference between a product and a service. A product is something substantial that you can touch and they are usually similar to each other. The production, distribution and consumption of a product happen usually at different times and separately. The core value of the product is gained in the factory when the product is made and customers do not have anything to do with it. It is easier to adjust to changes in demand because a product can be stored. The owner of the product changes when the product is bought. Estimating the quality of a product is also easier because you can focus on substantial and objective abilities on a product. Pricing and estimating the costs of production is easier for a product as well. (Puustinen & Rouhiainen 2007, 188-189.)

A service is something immaterial and invisible that you cannot touch. The character of a service is a process, which means an act or a series of actions or events. Services are different from each other and the production, distribution and consumption happen at the same time. Because of this, it is difficult for the customer to distinguish the operators from one another. The core value of a service is produced in the interaction between the seller and the customer and the customers can be part of the production. It is more difficult to anticipate the changes in demand and to adapt the supply to the seasons. A service cannot be stored and the ownership does not change. It is hard to evaluate the quality of a service because the factors that contribute to the quality are immaterial and subjective. It is also difficult to calculate the costs of production and to price a service. (Puustinen & Rouhiainen 2007, 188-189.)

A tourism product is always tied to a specific physical area. This area can be a city, state, tourism centre, a company or the facilities of a company such as a hotel or a restaurant. The place means all the physical elements that the traveller can detect, such as climate, buildings and landscape. Apart from the place, a tourism product also includes hospitality, services in the destination and their availability and the possibility for the traveller to choose at the destination. Hospitality means the attitude and approach of the locals and the customer service toward the travellers, but also their wish to welcome the guests and offer services and experiences to them. The services in the destination can include accommodation, food service, guides, activities and culture. From a specific company's point of view the services mean those that they have to offer. The traveller should also be able to be part of the process of establishing a product with their choices. (Puustinen & Rouhiainen 2007, 194.)

3.2 The service concept

The service concept consists of the core service, assisting services and supporting services. The core service stands for the base of the activity and the core in the offer for the customer. An example of this could be the flight itself for an air travel company. The assisting services are the services that are needed to provide the core service. In an air travel company an assisting service would be for example an airplane. The supporting services or products are there to make an offer more attractive and to make it stand

out from others, but the supporting services are not essential. If we continue to use an air travel company as an example, the supporting services for it could be a lounge, food, drinks and magazines for the travellers while they wait for their flight. A “service package” is built up by the core service, assisting and supporting services. (Arnerup-Cooper & Edvardsson 1998, 46.)

It is important that the customers’ needs and the service offer are consistent to achieve quality. The service concept defines the requirements and forms a base for the conditions that has to be there for the service to work. (Arnerup-Cooper & Edvardsson 1998, 46.)

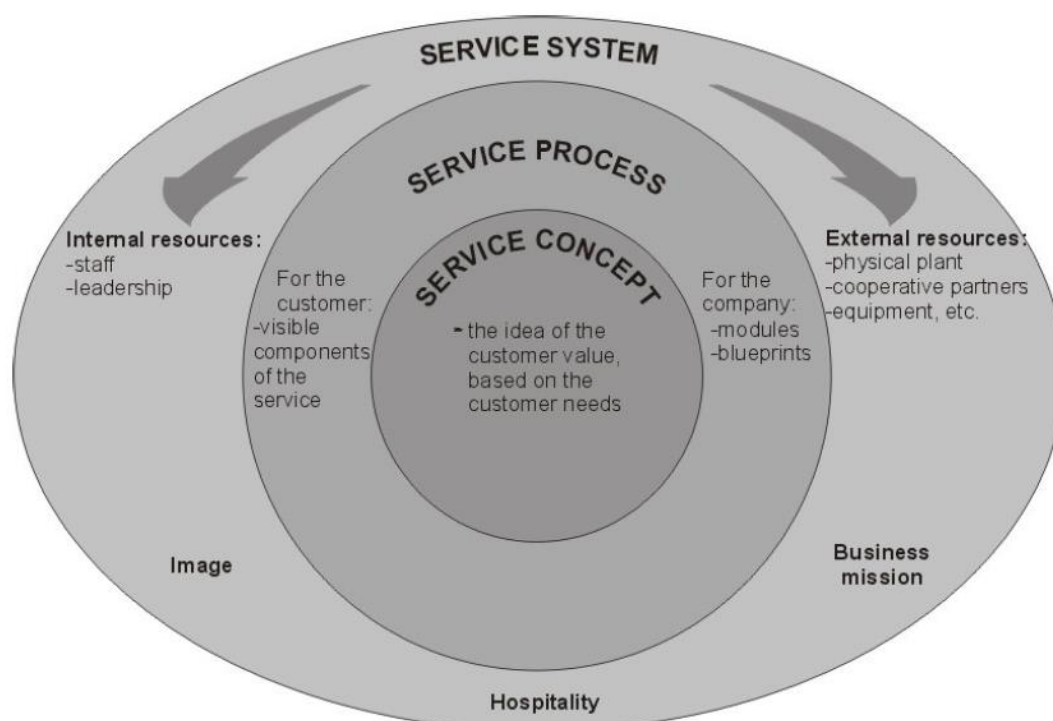


Figure 5. Prerequisites for the customer-oriented tourism product (Komppula 2005, 5.)

The requirements of the service development process can be described with three basic components. They are service concept, service process and service system. Above is a picture of the requirements for the customer-oriented tourism product model by Komppula 2005. This figure shows in a simple way what this includes. The core of the Komppula model is the service concept, “the idea of the customer value, based on the customer needs”. The middle circle in the model stands for the service

process both for the customer and the company. For the customer the service process is the visible components of the service, which means everything that service includes that they can see. For the company the service process means modules and blueprints for example. The last circle is the service system that includes image, hospitality, business mission, internal resources such as staff and leadership and external resources such as cooperative partners and equipment. (Komppula 2005, 3-4.)

The service concept is the core of the tourism product. In marketing it is expressed in a way that it will conjure a picture in the customers' mind of what he will gain with this particular product. It also expresses the experiences and value that the customer will expect. (Komppula 2005, 4.)

3.3 Developing a total tourism product

The main idea of a tourism product is the experience for the customer, the activities in the destination that has to satisfy the customers' needs. It is necessary for tourism companies to continually look for new product innovations to stay on top of the competition. The product does not always need to be completely new, it can be an old product that has been renewed or just released to a new market. This way, the product will feel new to the customers even though it is not completely new. (Komppula 2001, 7-11.)

A tourism product has three levels, which are the core product, the formal product and the augmented product. The core product means the idea behind the essential service that is made to satisfy the needs of the target customer. The formal product has turned the core into a specific offer, which is the thing that the customer will receive for his money. The formal product includes the services, the goods and the facilitating products that have to be there for the customer to be able to use the core product. The augmented product contains everything that has been done to add value to the product to make it more attractive. The brand or the way customers see the product is always a part of augmentation. (Komppula 2001, 3.)

Service development includes developing and constructing single services and to put together solutions or service packages. This is needed to be able to offer different kinds of integrated solutions that respond to specific customer needs. Alterations in any of these can result in a radical change of the whole entity. (Arnerup-Cooper & Edvardsson 1998, 46.)

3.4 The location as a supporting factor

The definition of marketing very simplified is “putting the right product in the right place, at the right price, at the right time”. This sentence gives us the four Ps of the marketing mix; product, place, price and promotion. The marketing mix has been used since the 1960s, when it was first expressed by E.J. McCarthy. (Mindtools 2012.)

This thesis will focus on one of the four Ps; place, because one of the objectives was to study where the new location of the hostel should be. The other Ps are not as important in this case.

Place involves all the activities that make the product available for the customers. When you are deciding for a place for your business you should think about channels, coverage, assortments, locations, inventories, transportation and logistics. From the customers point of view the location equals convenience. It should be convenient for the customer to get the product or service. (Kotler & Armstrong 2004, 57-58.)

The place of a business controls the quantity of possible customers who are able to find the place conveniently. It also controls how the customers find ways to gain information and change their intentions of buying into actual purchases. Place does not only mean the physical location of a facility, but also where all the points of sale that provide the customers with access to the product or service. So in case of a tourism facility such as a hotel, place also includes direct mail to the homes of possible guests, phone numbers or booking systems on the Internet. The Internet is a big convenience factor that makes it possible for millions of potential customers to get information directly to their homes. (Middleton 2001, 88, 90-92.)

In the case of CheapSleeps new location we need to consider where the potential customers spend their time in Helsinki. The hostel should be located somewhere that is easy to get to and the travel to it should not be time consuming. It is preferable that the location has good traffic connections to the centre of Helsinki and the airport.

The location is one of the most crucial decisions that a business has to make. It is not just choosing a building, but you should also consider the costs of the area and the facilities. The location should be a good working environment where the workers and the customers feel good. Other things to consider are the streets, parking, other businesses and the type of the building. You should reflect on the tax policies and regulatory requirements of the area as well. When choosing the city things to think about are the rents, other costs and availability of labour. (Entrepreneurs 2012.)

When the area of town is chosen, a company needs to think if it is consistent with the image of the business, and the rents vary also in different parts of the city. You should also think about if your business needs to be easily accessible from the streets, if you need parking space for the customers or if you need to be close to other businesses that might help you to gain customers. Finally, you should think about what kind of building you need. Is it maybe a warehouse, retail or office space? (Entrepreneurs 2012.)

3.5 Customer satisfaction

Customer satisfaction is very important for any business, because if the customers are not satisfied the market will start to shrink and then the company will be in trouble. Considering the satisfaction of the customers benefits the business in many ways. Firstly, it costs five to ten times more to get new customers than keeping the ones you already have and keeping them satisfied. Secondly, an average company loses 10-30% of its customers every year and reducing that loss even with five per cent can increase the productivity with 25-85%. Thirdly, the profitability of the customers increases usually the longer they have been customers. (Kotler 2003, 13.)

It is also beneficial for companies with high customer satisfaction to advertise this. It helps to get a better reputation and sell more, but do not promise too much. It is good to try and gain a loyal clientele of customers, because loyal customers are ready to pay up to 10% more than other customers. Top companies strive to exceed their customers' expectations but that cannot be done all the time either because then it becomes a standard, which will be hard to keep. (Kotler 2003, 14.)

The customers' satisfaction of a service is influenced by the meeting and interaction between the customer and the company that provides the service. Another factor that contributes to the satisfaction is the physical surroundings and the value that they add to the service. Also the price and the image of the company can influence the whole experience of the service for the customer. (Puustinen & Rouhiainen 2007, 172.)

The meeting and interaction means the communication between people on every level of the company that is providing the service. The communication is very important because it defines the quality of the experience for the customer. The customer is constantly evaluating the staff; their professional skills, knowledge and how willing they are to serve him. The customer also observes the physical things such as cleanliness. The staff needs to be ready to meet the customer professionally all the time because one slip can mean that the quality of the service goes down a notch in his eyes. The physical surroundings function as invisible evidence of the service. The customer makes conclusions of the service looking at substantial elements. Some examples of physical evidence are the staff, the flow of the service processes and the environment such as interior and cleanliness. Also printed communication and machines are part of this. (Puustinen & Rouhiainen 2007, 172-174.)

The image of a company means the view it strives to give of itself in the customers' minds. An image is formed in the minds of the customers while they are observing the company. The forming of an image is influenced by the performance of the staff, marketing, publicity and physical surroundings. Rumours and word-of-mouth also influence the image of a firm, but these cannot be directly controlled by the company. A positive image can reduce the negative experiences of a customer and they can be more

willing to forgive, while a negative image is very hard to break even with great accomplishments. The image of the company influences the expectations and experiences of the customer. The image can be improved or degraded by the customers' experiences. The price and all the other factors contribute to the customers' evaluation of the service, and if it was worth its price. It is hard to evaluate the quality of a service beforehand, so the price is a "quality meter". A common belief is; the higher the price, the better the quality. If the price hints of great quality, the service needs to meet up with the expectations. (Puustinen & Rouhiainen 2007, 175-176.)

3.6 Summary

All in all, these concepts are needed to develop the service concept of a company. We need to know what services and products are, and what a tourism product is. A product is something that you can touch and when it is bought, the ownership changes, while a service is an experience, something invisible, a process of actions where the consumption and production happen at the same time. A tourism product on the other hand is always tied to a physical area, includes hospitality and different services. For a tourism company, it is essential to stay on top of the competition and to renew or develop their product all the time.

The service concept consists of the core service, assisting services and supporting services. The core service stands for the main idea of the activity and in the offer for the customer. The assisting services are needed to provide the core service and the supporting services are making the offer more attractive to customers and to differentiate it from others, but the supporting services are not essential.

The location of the company is a very important decision to make because the place involves all the activities that make the product available for the customers. Things to consider are channels, coverage, assortments, locations, inventories, transportation and logistics. Convenience is the main interest of the customer, it should be easy for the him to get the product or service. From the company's point of view the location should be affordable as well.

Finally, it is very important for all businesses to keep their customers satisfied because otherwise the word will spread and they will lose them. The customer satisfaction is inflicted by the image of the company, the price, interaction between him and the company and the physical surroundings.

4 Method

The research problem has been approached by studying the background of the company and the theory around the key elements. A big part of the thesis is strictly theoretical so that we would have enough knowledge of the assignment and how to execute the study in a professional way and to be able to gain reliable results. The competition has been researched by studying the competing companies, and comparing what they offer with CheapSleep.

A quantitative questionnaire has been made, where the guests in the hostel have been asked questions about the current facilities, prices and service. The goal was to get at least 100 answers, preferably more, to get an idea of what the guests think of the current hostel and what wishes or ideas they have to improve it. The questionnaire was made both in paper form and as an online survey on Webropol.

4.1 Methods

Doing research is a way to understand the pros and cons in the customers' everyday activities within the hostel. There are two various types of conducting research, qualitative and quantitative. In a qualitative method the interviewees does not restrict the answers in any way. The respondents have a chance to answer the questions freely according to their knowledge. In a quantitative method the respondents have clear options from which they choose. It is generally believed that the quantitative method limits the interviewees' own thinking. The results in a quantitative method are a lot easier to handle and analyse than in a qualitative method. There are also a range of data collection techniques for researchers to fulfil the requirements of the research. It is important to find the right technique to fit your research. (Altinay & Paraskevas 2008, 1-4.)

The aim of qualitative research is to get a picture of the perception, interpretations and feelings of the people involved in the research. The point of qualitative research is to study a small group of people or only one person, but to get an in-depth idea of them

and not generalize. In qualitative research, the relationship of the researcher and the person being researched is close. (Blackwell Publishing 2013.)

Quantitative research aims to classify and count features to create a statistical model of what has been observed. Quantitative research is less detailed than qualitative research. A researcher doing quantitative research uses instruments such as questionnaires to gather numerical data, while a researcher doing qualitative research is the instruments himself. (Wilderdom 2007.)

4.2 Surveys

Research through a survey is an important part of measurement in applied social research. Survey research has a very extensive area that includes measurement procedures where you ask questions of respondents. The word survey can mean a short written feedback, an in-depth interview or anything in between. Surveys can be divided into questionnaires and interviews. Questionnaires usually have short close-ended questions and interviews long open-ended questions. First of all, you need to choose which type of survey you are going to do and after that you need to start constructing it. When writing a question for a survey you need to take three things into account; the content and purpose of the question, the response format for the question and then how to formulate the question the right way. The response formats can be structured or unstructured. Structured formats give the respondent answer options and make it easier for him, while the unstructured formats give no options and force the respondent to write the answer himself. (Survey Research 2006.)

A survey is the most common type of quantitative research, with which it is possible to collect data from big or small populations. A survey can choose a sample of the population and direct a standardized questionnaire to these respondents. (Colorado State University 2013.)

4.3 The questionnaire

A questionnaire is one of the most popular tools of collecting data among hospitality researchers. Questionnaires are good when you know exactly what to ask and people are able to understand and respond to them. Questionnaires include in most situations four types of questions: closed, open-ended, open response-option and rating/scale questions. (Altinay & Paraskevas 2008, 120-127.)

The questionnaire that is developed for CheapSleep, contains questions about how the guests found the hostel, why they chose it and what their opinions are about it. You can find the questionnaire as an attachment (attachment 1) in the end of the thesis. The CheapSleep questionnaire is two pages long, which is why we have decided to print on both sides in order to save paper. The questionnaire will have a Cheap Sleep Helsinki logo in the upper left corner of the page and a HAAGA-HELIA University of Applied Sciences logo in the upper right corner. In our questionnaire we are using mostly quantitative questions because we are focusing on specific areas in the research. This means that the questionnaire is semi-structured with both open and multiple choice questions.

4.4 TripAdvisor

TripAdvisor is the world's largest travel site that allows travellers to post photos, reviews and opinions about restaurants, hotels and attractions around the world. The site also offers travel guides and advice on flights and vacation packages. (TripAdvisor 2013.)

In addition to the questionnaire, we have also read and analysed the reviews of previous guests at CheapSleep on TripAdvisor. This has been done to see if the results from the questionnaire and the comments are in agreement with each other or to see where they differ.

4.5 Implementing the study and analysing results

The questionnaire was printed out in 80 copies and brought to CheapSleep hostel. There we advised the reception staff to give out the questionnaires to customers either

when they were checking in or checking out. We also made an online version of the questionnaire on Webropol, which were supposed to be answered on the hostels Facebook page or on a computer that was supposed to be set up in the common area. It did not happen though, because of lack of time so the online surveys were not filled in. We got 70 answers in total, of which we had to directly eliminate three that were not answered properly. We had to eliminate two more later on, because the last page was not answered in them. In total 65 filled in questionnaires were analysed.

The analysis was made first by going through them, counting them and eliminating the ones that we could not use. Then the answers were thoroughly gone through and counted and the figures were made. The figures were made on the Excel programme, and then they were analysed. The figures show the questions, the answer alternatives and how many guests chose which answer in per cent form.

4.6 Reliability and validity

Validity is the “correctness” of a measuring instrument used in a research. It is important to assess how valid your measuring instrument is, because otherwise the end result will be misleading or incorrect. You should make sure that the research measures what it was supposed to measure, because if it does not then it is not valid. It is also important to understand the difference between random error and systematic error in a research. A systematic error is not a big problem, because it is systematic which means that it occurs systematically with a specific pattern that is possible to find and then to adjust the research according to this error. The random error on the other hand, is random and has no pattern whatsoever, which means that you cannot do anything about them but hope that they cancel themselves out among the respondents. It is not easy to build a valid measure, but there are four key concepts that researchers use to assess the validity of their measures. They are; reliability, predictive validity, content validity and construct validity. (Churchill, Brown & Suter 2010, 257.)

Reliability means consistency, and this means that the research is not reliable if the same research is executed another time but the results are not consistent with the research that was done before. If reliability is to be improved, the risk of the random

error will have to be decreased. When you evaluate the reliability of a measuring instrument you need to determine how much of the variation in the results is caused by inconsistencies in measurement. A reliable research is consistent, but not automatically valid, but if the research is not reliable then it is most certainly not valid either. It is much easier to determine reliability than validity. (Churchill, Brown & Suter 2010, 257-259.)

5 Analysing location

CheapSleep would like to expand its business and open a new hostel somewhere else in Helsinki. This is why we have considered some prices of renting office spaces in different areas of Helsinki and compared the locations of the other hostels on a map (figure 3). It is good to get a picture of the location of all the other hostels on a map because this gives an idea of where the most popular hostels are located and what would be the new possible location of another CheapSleep hostel. We have also studied where the main attractions in Helsinki are located to see where the most tourists are likely to go, and where the tram and subway stops are to see what places have the best transportation options.

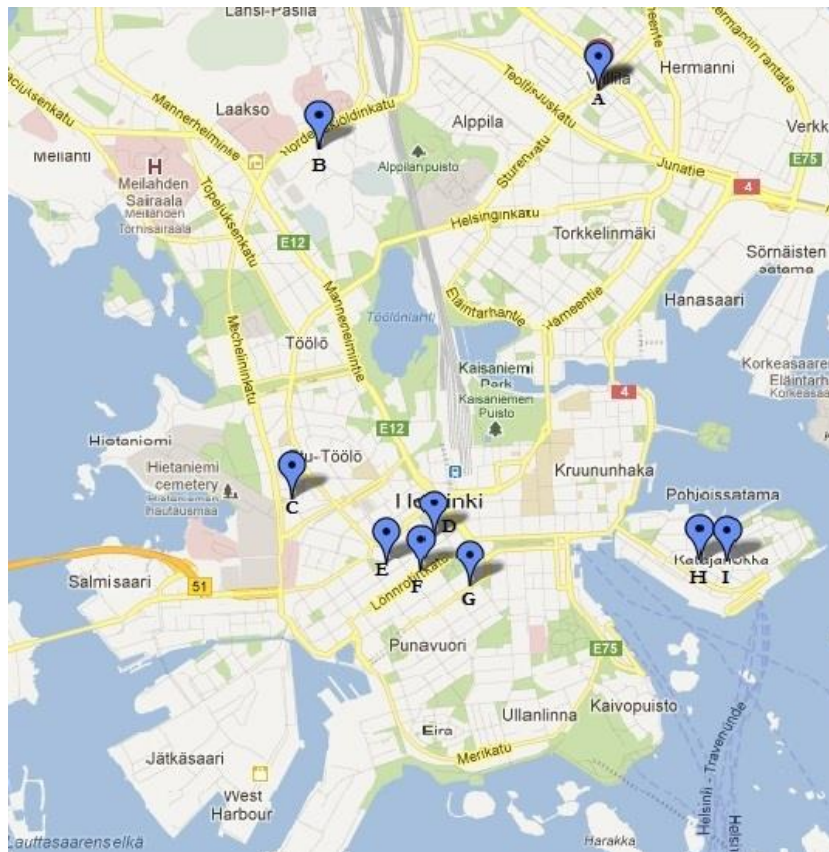


Figure 6. Location of the hostels in Helsinki (Google Maps 2013c). A: CheapSleep, B: StadionHostel, C: Academica Hostel, D: Omenahotels Yrjönkatu, E: Omenahotels Eerikinkatu, F: Omenahotels, G: Hostel Erottajankatu, H: HelpHostel, I: EuroHostel.

As explained in chapter two the hostel is located on Sturenkatu (A. on the map) in the Vallila district. This is not one of the most popular tourist areas of Helsinki. Vallila is mainly a resident area but it is close to the trendier Kallio district which offers more pubs and clubs. As all of the neighbourhoods near the city centre Vallila offers good public transportation to the city centre but also to the Helsinki-Vantaa airport.

Most of the tourists are probably concentrated in Kamppi area, which is a neighbourhood in the centre of Helsinki. Many tourists prefer the hotel to be at walking distance from the centre and this is why Kamppi is very popular. A reason why the centre is more popular is also that most of the sights are concentrated in the different parts of the city centre such as Kluuvi, Ullanlinna, Etu-Töölö, Kamppi and also on the island of Suomenlinna (Visit Helsinki 2013e).

One of the most visited attractions in Finland is Linnanmäki amusement park. It is located in the Alppila neighbourhood about 1 kilometre from the CheapSleep hostel (Linnanmäki 2013). It was visited by 1 200 000 people in the year 2007 (MEK 2007).

We have studied the renting prices of offices in different parts of Helsinki to gain an idea of which areas are more expensive and which are cheaper. The most expensive areas are not suitable for a budget hostel because it could not keep the prices low enough. The area which would be ideal for a new CheapSleep hostel would not be very pricey, but it would be more central and with more activities closer to the hostel. Also a location which has trams or subways nearby would be a big benefit to the tourists visiting the hostel.

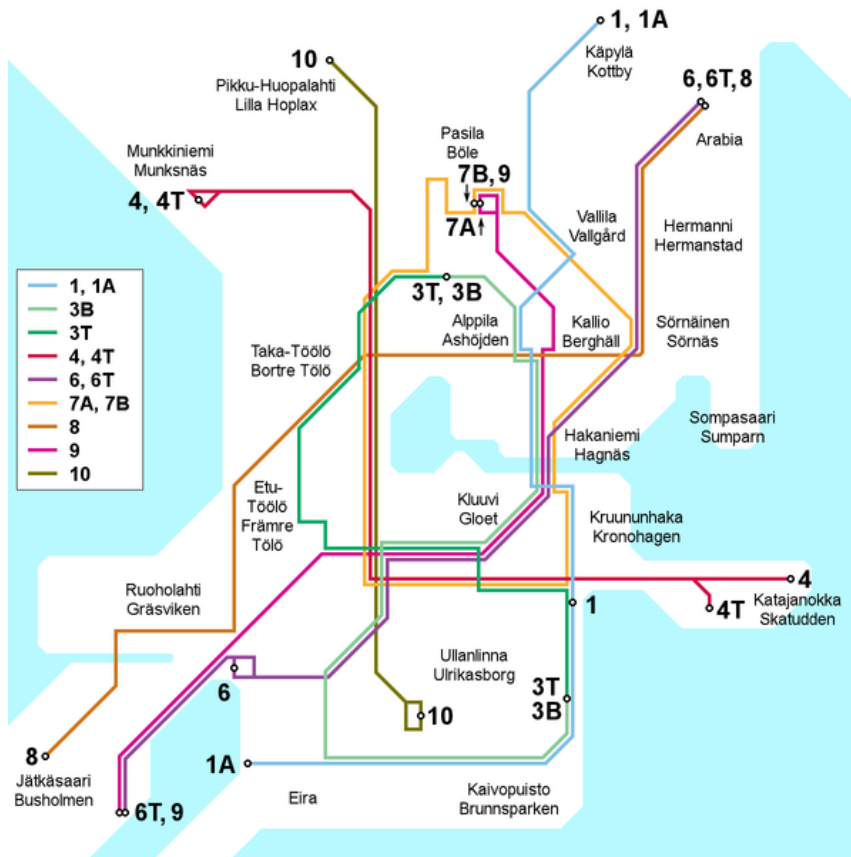


Figure 7. The tram map of Helsinki (Wikitravel 2013a.)

From figure 7 above, you can see the tram map of Helsinki. The map shows that most tram lines go through the city centre (close to Kluuvi on the map) but also through Hakaniemi and Taka-Töölö. Not very many tram lines go through Vallila.



Figure 8. Subway map of Helsinki (Wikitravel 2013b).

Figure 8 is a map of the subway in Helsinki. From it you can see that it passes Vallila from further away, the closest stops are Sörnäinen and Kalasatama. For example Hakaniemi has its own stop and there are several in the city centre. A hostel next to a subway stop would be very good because the subway is a very fast and convenient way to travel around the city.

Below is a figure (figure 9) of the prices (Euro/m²) for office spaces in different parts of Helsinki. They have been divided by the Helsinki city to three categories. The “number one area” in the figure contains Aleksanterinkatu 9-23 and 36b-52, Ateneuminkuja, Kaivokatu 2-12, Kalevankatu 1 and 2, Keskuskatu, Kluuvikatu 5 and 6-8, Mannerheimintie 1-7 and 10-20, Mikonkatu 1-13 and 2-10, Pohjoisesplanadi 31-4, Simonkatu 2-6, Yliopistonkatu 5-7 and 6-10, Yrjönkatu 29 and 31. This is the most expensive area in Helsinki. Although the prices have dropped in the “Nr. 1 area”, this is not probably the best option for renting or buying a space for a budget hostel.

The second area is the “Helsinki peninsula” which contains the neighbourhoods of Eira, Kaartinkaupunki, Kaivopuisto, Katajanokka, Kluuvi, Kamppi, Kruununuhaka,

Punavuori and Ullanlinna and the third category is “Other Helsinki” which includes everything else except for Itäkeskus. We think that maybe an area on the Helsinki peninsula could be an option, since it is a little cheaper than the number one area but more central. Vallila is part of the “other Helsinki” category, as is Hakaniemi which seems to be a good option as well.

The prices (€/m2) from 9/2002 to 8/2011:			
Time	Nr. 1 area	Helsinki peninsula	Other Helsinki
9/02–2/03	57,7	25,4	12,7
3/03–8/03	50,4	26,3	11,0
9/03–2/04	73,6	18,8	13,5
3/04–8/04	64,9	24,2	12,0
9/04–2/05	75,0	20,5	12,0
3/05–8/05	62,5	28,5	12,0
9/05–2/06	65,0	27,0	12,1
3/06–8/06	61,6	30,0	13,9
9/06–2/07	64,7	25,5	13,0
3/07–8/07	40,7	28,3	14,8
9/07–2/08	55,2	30,1	14,0
3/08–8/08	70,0	30,6	15,0
9/08–2/09	71,3	30,0	13,8
3/09–8/09	76,0	24,5	12,5
9/09–2/10	68,8	25,1	13,7
3/10–8/10	85,0	23,6	13,9
9/10–2/11	69,1	26,1	14,8
3/11–8/11	57,3	30,9	16,7

Table 1. The prices per m2 in € from 9/2002 to 8/2011. (Helsingin Kaupungin Tietokeskus 2012, 7.)

5.1 Conclusion

There are many locations in Helsinki that are ideal for a hostel. When you are planning a location for a hostel you have to take into consideration what kind of people is staying at the hostel. In our research we found out that most of the customers are young adults and most of them are students (chapter 6). The majority of young adults like to visit restaurants, bars, nightclubs and cafe's, but they also need to get around the city easily if they are studying somewhere as well. The accommodation also needs to be cheap, because young adults/students tend to have less money at their disposal.

The location of the biggest and most popular nightclubs is concentrated in Kamppi which is located in the city centre of Helsinki. When searching for a different experience in Helsinki, you can visit Kallio (and Sörnäinen) which is located 2 kilometres northeast from the city centre and 1-1,5km south from CheapSleep Helsinki hostel.

Two locations that would be ideal for a hostel in Helsinki is Kallio and Hakaniemi districts (figure 10). The reason why these would be ideal is that they are both cheaper areas to rent office spaces/live in but they also have their own advantages on each other. Kallio is known as the new bar and club district, which would offer activities and fun for young people while Hakaniemi has very good transportation possibilities. They are both also closer to the city centre than Vallila is.



Figure 9. Hakaniemi and Kallio (Google Maps 2013d.)

The Kamppi and Kluuvi districts (figure 11) would of course be great because they are in the centre, have transportation everywhere and holds most of the nightlife and attractions. But this area is very expensive and would drive the prices of accommodation through the roof, so it is probably not the best location for a budget hostel, unless there would be a great bargain to find.

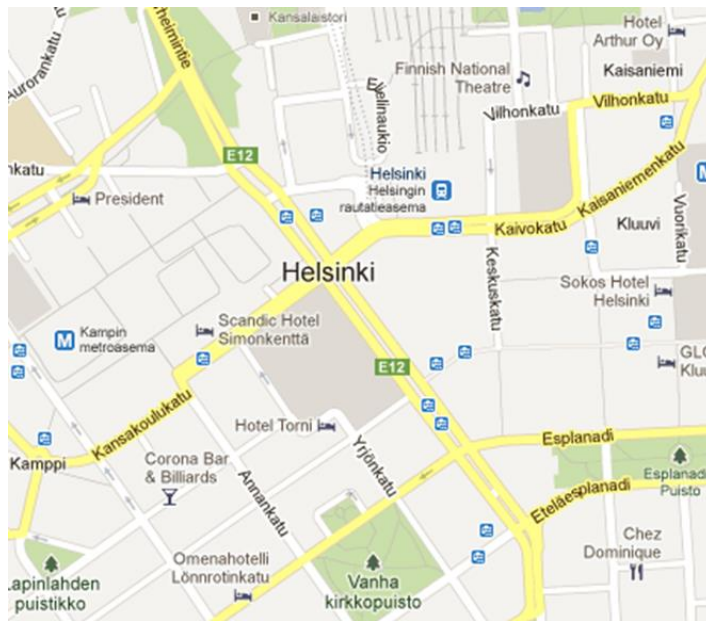


Figure 10. Kluuvi and Kamppi area (Google Maps 2013e.)

Other districts that are worth mentioning for an ideal location in Helsinki is Punavuori, Kruunuhaka, Kaartinkaupunki and Töölö. All of them are close to the centre and have a lot of activities; restaurants and pubs. The transportation is very good in these areas. Taka-Töölö is also quite cheap and it is close to the Olympic Stadium.

6 Customers views on recent services

The questionnaire that we made for CheapSleep reveals the opinions of the guests about the hostel. The first page of the questionnaire asks questions about the guests such as nationality, age, gender, occupation and travelling habits. The next pages concern the guests' opinions on the services and location of the hostel.

6.1 CheapSleep Helsinkis' service concept

The online homepage of CheapSleep Helsinki Hostels (www.cheapsleep.fi) expresses their service concept in the following words:

“When you think of a cheap hostel in Helsinki, think of us! CheapSleep Helsinki is a relaxed, affordable and modern hostel located in the historic Vallila district of Helsinki. Completely renovated before opening in May 2012, all of our private rooms, dormitories, and common areas, are fresh, clean and modern. With a total 118 dorm beds and 10 private rooms, we offer a relaxed and social atmosphere, great access to local sights and services, in addition to good night's sleep. We never ask you to make your bed or strip the sheets afterwards, just arrive, drop your bags and relax.” (CheapSleep 2013.)

The key words here are cheap, affordable, relaxed, modern, clean, fresh, social, accessibility to sights and services and a good night's sleep. The comments on TripAdvisor and the results from our questionnaire tell us, if the customers experience this in the promised way or not.

6.2 The type of guest to visit CheapSleep

The nationality of the guests is varied. The guests come from all around the world, but the biggest group is Russian 30% and French 28%. The second largest groups are Finnish 7%, German 6% and Australian 6%. This you can see from figure 11 below. We are a little surprised of the amount of French guests, but that can be a result of a big group that all happened to answer the questionnaire. The amount of Russian guests is big as was expected.

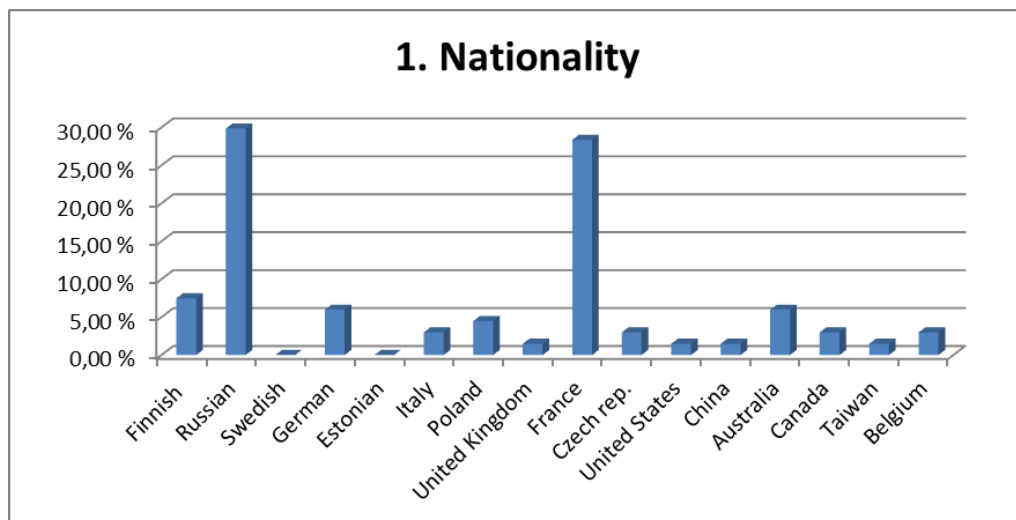


Figure 11. Question 1. Nationality.

The biggest age group of the guests is under 20 (51%) and the second biggest is 21-30 (40%). Figure 12 shows this below. We expected the biggest group to be 21-30 because young travellers choose hostels more often than older travellers because of the lower price and possibility to meet other travellers. We did not expect the under 20 category to be this big, because we thought that they would not travel so much yet. The reason for the under 20 category to be so big is that there probably was a group (or groups) of students who answered the questionnaire. This might be accurate though because it is quite common for school groups to choose hostels instead of hotels when they travel, because of the more affordable price but also the fact that hostels have more capacity for big groups in the dorms. Travellers that are 31 or older usually chooses a hotel to stay in because they have more money and want to be more private. This is probably why the categories 31-40 (4%), 41-50 (3%) and 51 or older (2%) were a lot smaller.

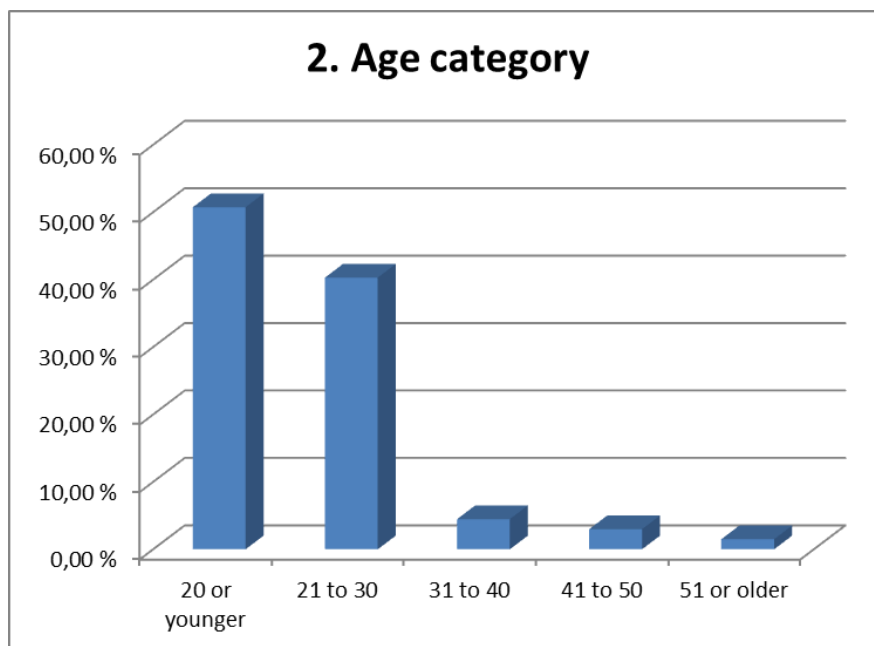


Figure 11. Question 2. Age category.

The difference between the gender of the guests is quite equal. There were 35 (52%) males and 32 (48%) females that answered the questionnaire (figure 13). The gender does not apparently have anything to do with choosing a hostel.

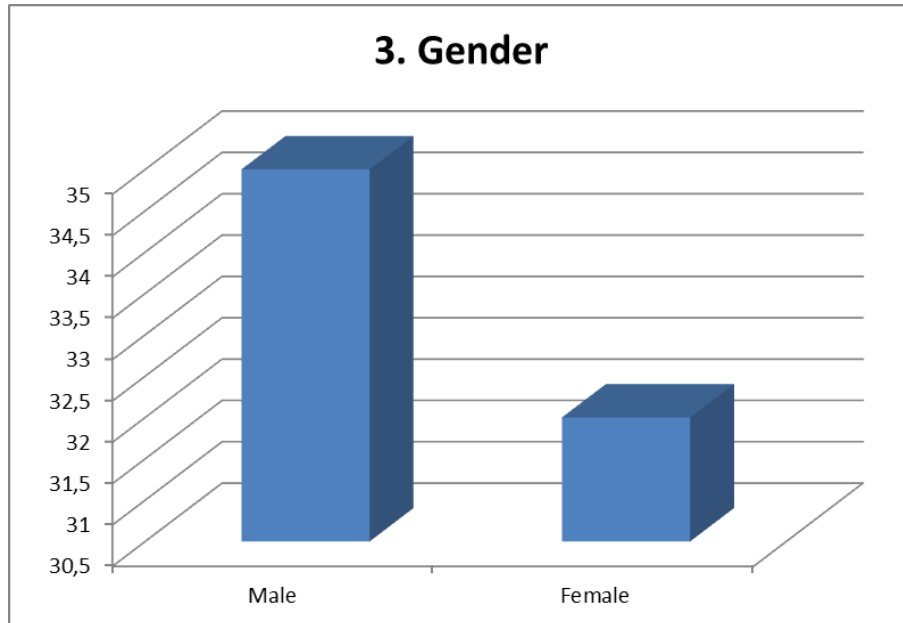


Figure 13. Question 3. Gender.

Figure 14 shows that 72% of the people who answered the questionnaire were students, while 24% were working. We think that this is probably accurate and that a big part of CheapSleeps customers do consist of students, because of big student groups and exchange students that live at the hostel before finding an apartment. Students also tend to have less money at their disposal, and therefore choose a cheaper option.

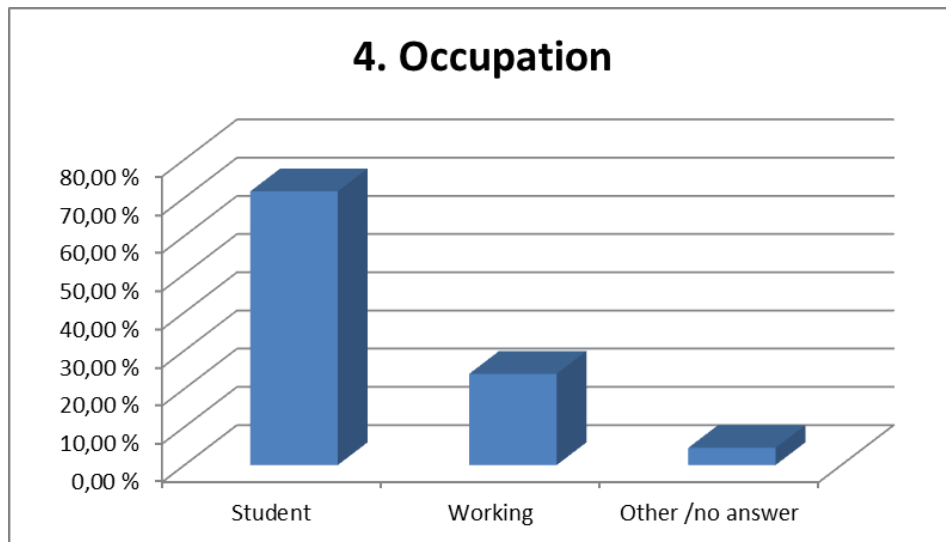


Figure 14. Question 4. Occupation.

At the question about what accommodation types the answering usually use when travelling, we found out that most (57%) choose a hostel (figure 15). The second popular choice was hotel (26%). Other accommodation types were not as popular; bed & breakfast 9%, Camping 2% and couch surfing or staying with a friend 5%.

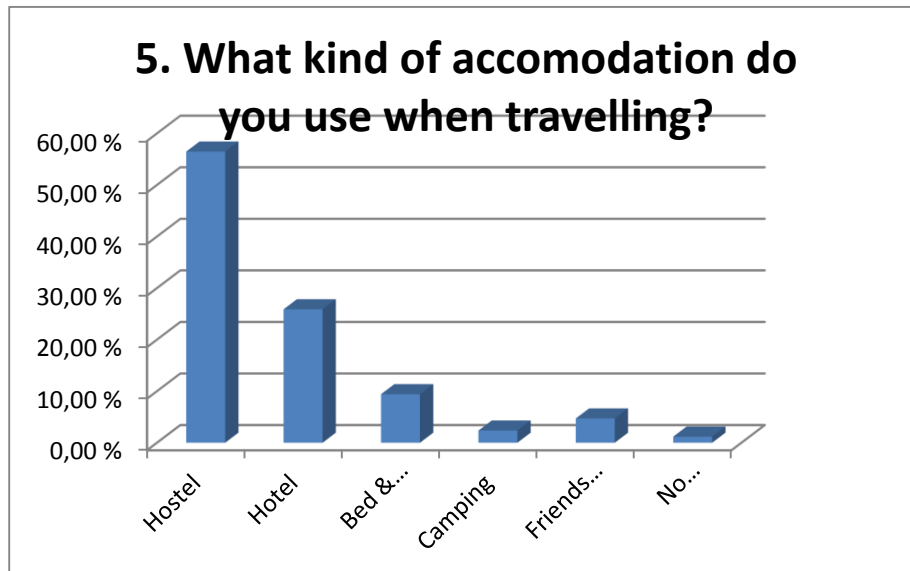


Figure 15. Question 5. What kind of accommodation do you use when travelling?

54 people of the total 67 had never visited CheapSleep before, which is not surprising since it only opened in May 2012. However, there were still 6 persons who had already been there several times and 7 persons who had been there once before according to figure 16.



Figure 16. Question 6. Have you visited CheapSleep before?

Tourism and leisure was the main purposes of travelling to Helsinki and CheapSleep, with 42% tourism and 32% leisure. Business was the purpose for 22% (figure 17).

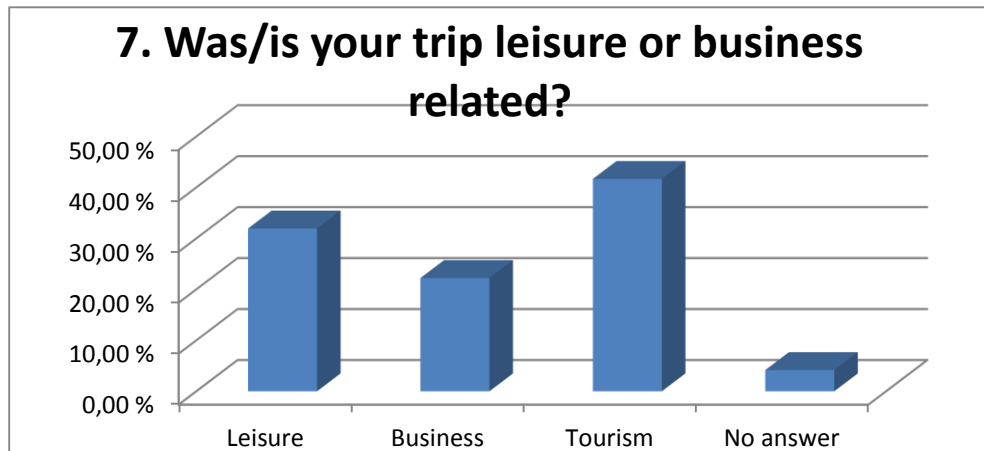


Figure 17. Question 7. Was/is your trip leisure or business related?

42 of 67 would visit CheapSleep again, while 2 would not and 25 would maybe. The price and the location of CheapSleep were the main reasons that contributed to the guests choosing CheapSleep. 48% answered price as the main reason and 22% answered location. Other reasons were availability 10%, promotion 3% and facilities 8% as seen in figure 18.

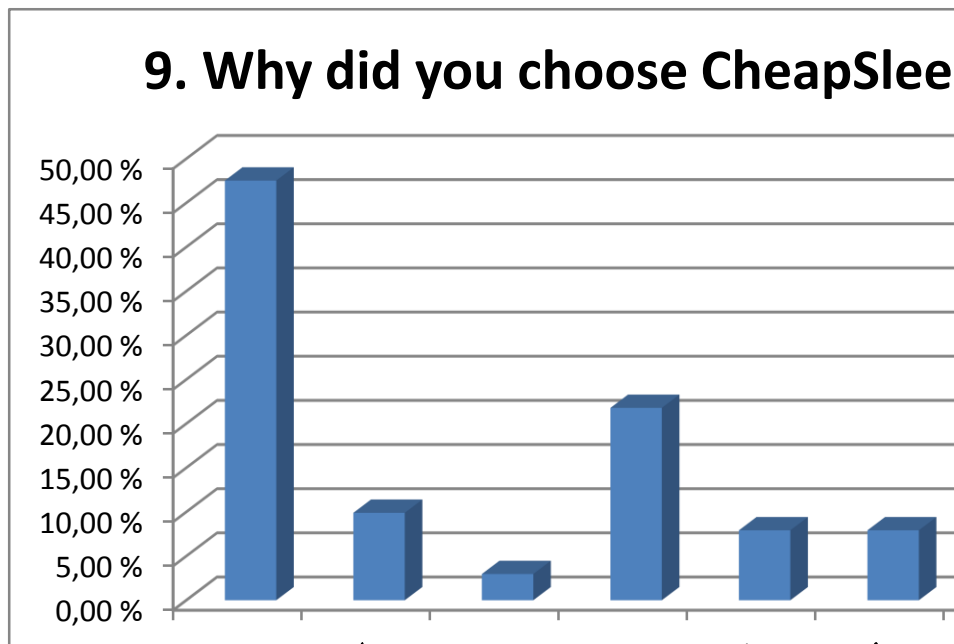


Figure 18. Question 9. Why did you choose CheapSleep?

The most common source that provided information about CheapSleep to the customers was online search 49% and word of mouth 23%. Nobody had found any information through print advertisements. Other sources of information were online advertisements 4%, and online promotion 3%. You can see this from figure 19.

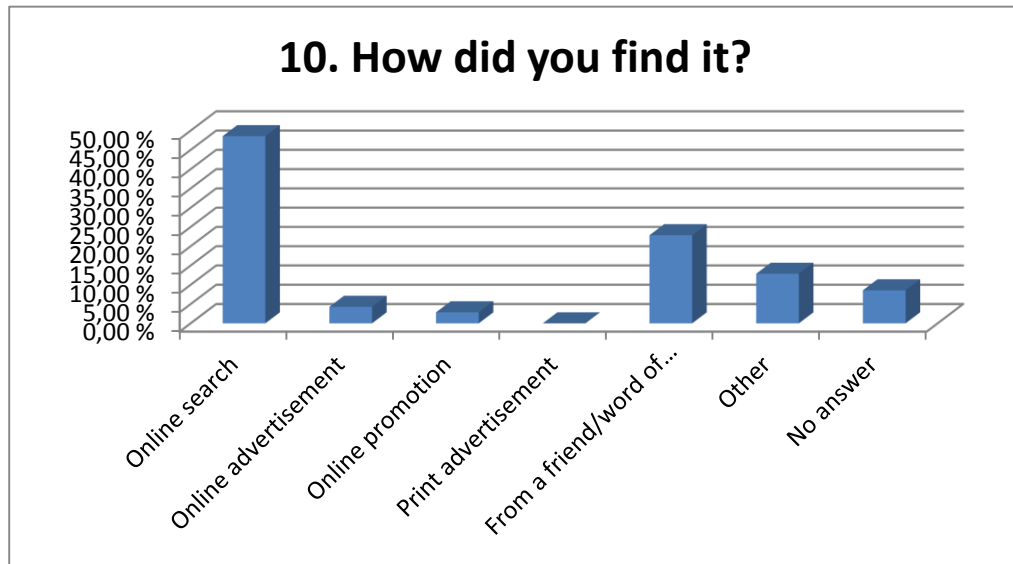


Figure 19. Question 10. How did you find it?

6.3 The opinions of the guests at CheapSleep

The guests' satisfaction with the different parts of the hostel was mostly good. From the figure 20 below you can see that people were most displeased with the showers, with 17% rating them as bad. 24% rated the showers acceptable, 32% as good 27% as very good. People are most pleased with the common area with 35% rating it as very good and 48% as good, only 17% as acceptable and 0% as bad. The kitchen got second most bad ratings (10%). The kitchen also got 27% votes acceptable, 39% good and 24% very good. The toilets ratings were 5% bad, 26% acceptable, 42% good and 27% very good. The dorms were rated 5% bad, 18% acceptable, 54% good and 23% very good. The private rooms' ratings were 6% bad, 31% acceptable, 42% good and 22% very good.

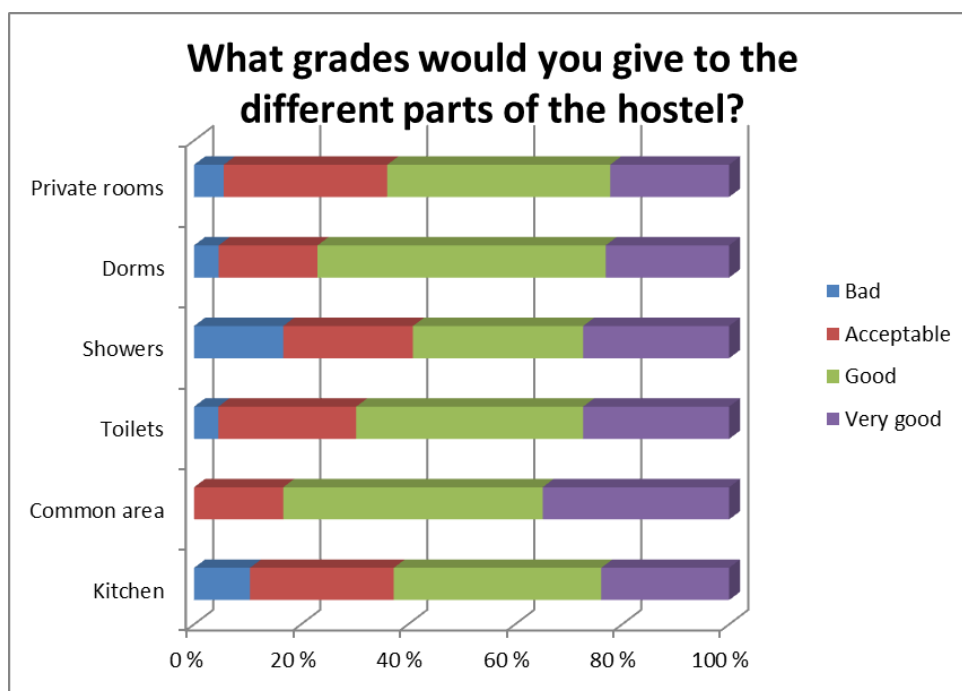


Figure 20. What grades would you give to the different parts of the hostel?

In the questionnaire was a section of statements about the hostel where the answering picked an answer closest to their own opinion. Figure 21 shows the division of opinions on page 46. The possible answers were 1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly agree.

The first statement “CheapSleep provided good value for money” was strongly agreed on by 34%, agreed on by 40% and 23% remained neutral. Only 3% strongly disagreed with this statement. 29% strongly agreed and 37% agreed with the statement that the internet pages are informative enough, 26% were neutral and 8% strongly disagrees. Check-in is quick and easy according to 77% (47% strongly agree, 39% agree) and not so much according to 2%. Booking is simple and convenient to 75% and not to 2%. The statement that the beds are comfortable was disagreed on by 9% and agreed on 66% (30% strongly agree, 36% agree). 85% agreed with the facilities being clean and 5% disagreed. The interior is modern according to 78% and 3% disagreed with this. 80% thinks that the personnel is friendly and 3% does not. The location of the hostel is convenient and interesting according to 55% and 13% disagrees. 70% is agreeing with CheapSleep being safe and relaxed, 3% is disagreeing. CheapSleep is easy to find according to 58% and not easy by 9%. The statement that hostel is easy to access from the city centre is agreed on by 75% and disagreed on by 5%. 63% thinks that CheapSleep is affordable and 2% disagrees.

From the figure 21 you can see that the positive responses dominate the chart, and that the guests are very pleased with the hostel. Many stayed neutral on the statements as well, which probably means that they had nothing to complain about, did not have an opinion or they simply did not understand the statement. There are always quite a big part of responses in questionnaires that are neutral, so this is nothing to worry about. The statements that the guests agreed with the most were about the personnel being friendly and the facilities being clean. The statements that the location of the hostel is convenient and interesting and the beds being comfortable were disagreed with the most. However, even here the responses were mainly good, so CheapSleep seems to be doing it right.

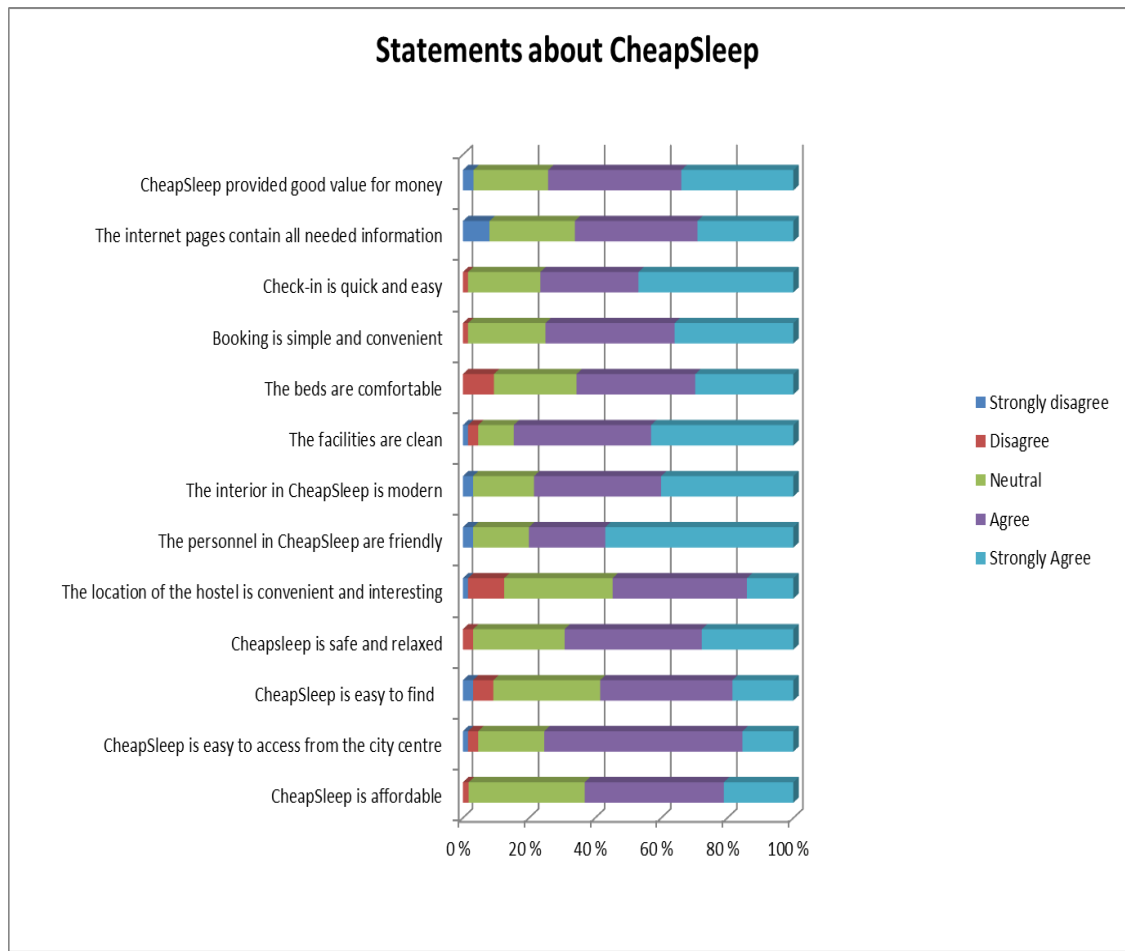


Figure 21. The Statemts.

6.4 Comments on TripAdvisor

We read and analysed the reviews that were written by former guests on TripAdvisor. There were 17 reviews in total 24.5.2013. Three of these travellers rated CheapSleep as “excellent”, another three rated “very good”, two ratings were “average”, five were “poor” and four ratings were “terrible”. Most of the travellers were travelling solo (10 travellers) and then a minority with family (1), couples (2), business (1) and two with friends. Two of the reviews were not in the Finnish, Swedish, English or German language so we did not analyse them due to lack of language knowledge. (TripAdvisor/ CheapSleep 2013.)

The majority of the reviews were on the negative side (9 reviews). The negative comments regarded overflowing rubbish bins, dirty kitchen, small bathroom stalls, uncomfortable beds, expensive, unfriendly staff, small lockers, dirty and noise. There were 6

reviewers that thought the price was expensive, one that thought the bathroom stalls were too small and 2 that thought the beds were uncomfortable. 5 people thought the hostel was dirty, 3 people thought the lockers were too small, 2 people thought it was noisy and 4 reviewers thought the staff was unfriendly.

The positive ones (6 in total) regarded friendly and helpful staff, easy check-in, affordability, clean, good transportation, activities, large common area, well equipped, comfortable beds, location, supermarket near, kitchen, and great atmosphere. There were 3 reviewers thinking the price was cheap, 2 that thought the beds were comfortable and just two persons mentioned that the hostel was clean. Two people mentioned the staff being friendly.

From this we can conclude that the most negative responses were about expensive price, too small lockers, dirtiness and unfriendly staff. The most positive responses were about cheap price.

Below are some examples of reviews:

1) *Good facilities but dubious upkeep.*

Cheapsleep is affordable and incredibly well set up. Check in was easy (even at 2am) and it is accessible via public transport from just about anywhere in Helsinki. Beds are comfortable, showers clean, common area large and well equipped. My only gripe with this place is the overflowing rubbish bins and dismally dirty kitchen. However I do concede that if other lodgers cleaned up as asked it'd be much nicer for everyone. Good for the price.//

2) *Great time with CheapSleep.*

For a just opened hostel, they have everything you need. Not far from the city. Next door to a supermarket. Close to some cool pubs and clubs. New facilities and nice kitchen and best of all: Staff who are smiling are really welcoming. My mum doesn't even make me feel that welcome. And for the price, this is where I'd come again for another trip to Helsinki.//

3) *Great and warm place!*

I got to Helsinki and it was the coldest weather experience in my life, but when I checked in at CheapSleep Helsinki I felt it was like paradise, perfect place, warm, helpful staff, super-hot and nice showers, big dorms with everything you need! The reception people was talking, helping and organising activities! Far, the best hostel in my trip!//

6.5 Summary of results

The typical guest to visit CheapSleep is a young adult between less than 20 to 31 years old and is a student. He has found the hostel online, chose it because of the price and location, and he would visit again. He (or she because the gender makes no difference) is a tourist, has never visited CheapSleep before but usually stays in hostels while travelling.

The results from the questionnaire and the comments on TripAdvisor both state that there are some areas in the hostel (kitchen and showers) that are dirtier than others. The beds got complaints from both but also praises. There were also comments from both that the overall cleanliness is good. The price and the friendliness of staff were very controversial. These factors were both either praised or then they got very bad responses, which is very odd. It seems that the difference between what people think is cheap and expensive vary a lot. Also the friendliness of staff may differ so much because some employees are naturally better at customer service than others, or then some guests are just very hard to please.

According to the comments on TripAdvisor and our questionnaire, the things that need improvement are the price, the cleanliness, the location, the internet pages and the beds. Most positive responses came from easy check-in, good transportation, atmosphere and overall cleanliness.

7 Conclusion

The aims of the thesis was to find a possible new location, figure out what the customers think and how the hostel could improve and also to get a picture of the competition situation among hostels in Helsinki.

We found a few locations that would be good for a budget hostel such as Hakaniemi, Kallio and Taka-Töölö. These are all good options because they are cheaper areas than the centre, yet close to it, they offer many activities and have very good transportation connections.

The guests at CheapSleep seem to be very satisfied with it, but there is room for improvement. Some people were pleased with the price and the staff, while others thought the opposite. This outcome may be a result from people living in either cheaper or more expensive cities than Helsinki, and comparing the price to that city. Helsinki is a quite expensive place, and of course it means that the hostel prices are a bit higher as well. Comparing with the prices of other hostels in Helsinki, CheapSleep is in the same range. The staff being either liked or disliked can be due to personality differences, language barriers or lack of skills in customer service. Positive responses came from atmosphere and overall cleanliness and most complaints came from dirtiness of kitchen and showers.

CheapSleep is also doing fine in its competition situation. The advantage that the others have is their more central location, while CheapSleep can offer more dorm beds for a cheaper price.

7.1 Development ideas

The hostel provides a breakfast in Design Café. The Café is located on the other side of the road from Cheap Sleep on Sturenkatu 26. The breakfast costs a reasonable 5,90€ and must be bought the day before from the hostel. However, all of the customers are not aware of this. More signs of the breakfast could be at the hostel and the reception

could provide the details of the deal to everyone and state it clearly on the website as well.

When marketing CheapSleep it could be mentioned that the hostel is located only 1 kilometre from the Linnanmäki amusement park, which is one of Finlands most visited attractions.

Maybe the kitchen could be cleaned twice a day during high season, so that it will stay clean through the day. If the cleaners are too expensive to clean twice a day, then maybe the staff should be advised to do a little cleaning when they have time. Mentions about the dirtiness in the hostel have to be dealt with, and during high season it will be dirtier a lot faster with a lot of people using the kitchen. It is important that the customer feels welcome when arriving to the hostel, so it would be good to train all the members of staff properly. Maybe there could be some guidelines to help the staff how to deal with the customers. Perhaps there should be a manager checking up on the staff once in a while to see how they deal with the customers and give feedback. This might intimidate some people, but it is only good for personal growth and the reputation of the staff at CheapSleep.

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Attachments

Attachment 1. The questionnaire for CheapSleep.



This is a customer satisfaction survey made by students from HAAGA-HELIA University of Applied Sciences and a marketing team of CheapSleep hostel. Answering will take approximately 5 minutes. Thank you for your time!

1. Nationality:

- ☐ Finnish
- ☐ Russian
- ☐ Swedish
- ☐ German
- ☐ Estonian
- ☐ UK
- ☐ Other _____

2. Age category:

- ☐ 20 or younger
- ☐ 21 to 30
- ☐ 31 to 40
- ☐ 41 to 50
- ☐ 51 or older

3. Gender:

- ☐ Male
- ☐ Female

4. Occupation:

- ☐ Student
- ☐ Working
- ☐ Other _____

5. What kind of accommodation do you usually use when travelling?

- ☐ Hostel
- ☐ Hotel
- ☐ Bed & Breakfast
- ☐ Other _____

6. Have you visited CheapSleep before?

- ☐ Never
- ☐ Once
- ☐ Several times

7. Was/is your trip leisure or business related?

- ☐ Leisure
- ☐ Business
- ☐ Tourism

8. Would you like to visit CheapSleep again?

- ☐ Yes
- ☐ No
- ☐ Maybe

9. Why did you choose CheapSleep?

- ☐ Price
- ☐ Availability
- ☐ Promotion
- ☐ Location
- ☐ Facilities
- ☐ Other _____

11. Why did you choose a hostel instead of a hotel or B&B?

10. How did you find it?

- ☐ Online search
- ☐ Online advertisement
- ☐ Online promotion
- ☐ Print advertisement
- ☐ From a friend/word of mouth
- ☐ Other _____

What grades would you give to the different parts of the hostel?

	Very Bad	Bad	Acceptable	Good	Very good
Kitchen	1	2	3	4	5
Common area	1	2	3	4	5
Toilets	1	2	3	4	5
Showers	1	2	3	4	5
Dorms	1	2	3	4	5
Private rooms	1	2	3	4	5

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
CheapSleep is affordable	1	2	3	4	5
CheapSleep is easy to access from the city centre	1	2	3	4	5
CheapSleep is easy to find	1	2	3	4	5
CheapSleep is safe and relaxed	1	2	3	4	5
The location of the hostel is convenient and interesting	1	2	3	4	5
The personnel in CheapSleep are friendly	1	2	3	4	5
The interior in CheapSleep is modern	1	2	3	4	5
The facilities are clean	1	2	3	4	5
The beds are comfortable	1	2	3	4	5
Booking is simple and convenient	1	2	3	4	5
Check-in is quick and easy	1	2	3	4	5
The internet pages contain all needed information	1	2	3	4	5
CheapSleep provided good value for money	1	2	3	4	5

Other comments:
